

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 848 - HB 1164

April 1, 2011

SUMMARY OF BILL: Requires any physician employed or contracting with a health insurance entity to review or oversee the review of claims, preauthorization for admissions, or requests for imaging tests to obtain and complete the same credentialing process that ordering physicians are required to complete prior to reimbursement. Requires all communication sent to an insured individual and the ordering physician regarding approval or denial of a request from preauthorization shall include verification that the physician making the determination has completed the credentialing process. The bill will become effective January 1, 2012.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Expenditures – Not Significant

Increase Federal Expenditures – Not Significant

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums to apply the necessary credentialing criteria to employees.

Assumptions:

- According to the Department of Commerce and Insurance, any administrative and enforcement responsibilities will be accomplished through the receipts of complaints of noncompliance by utilization review agents. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- According to the Department of Finance and Administration, it is reasonable to assume that insurance entities will utilize its existing network provider credentialing process. Entities will use this established credentialing criteria to evaluate the credentials of the existing staff engaging in the specified approval and denial process.
- There will not be significant costs to insurance entities associated with the development of credentialing criteria or administering the criteria to current or future contractors and employees; therefore, there will not be a significant increase in expenditures for the state sponsored public sector plans, the TennCare program, or to local governments that do not opt into the state plans but provide health insurance coverage to employees.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml